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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JOHN V. BIVONA; SADDLE RIVER
ADVISORS, LLC; SRA MANAGEMENT
ASSOCIATES, LLC; FRANK GREGORY
MAZZOLA,

Defendants, and

SRA I LLC; SRA II LLC; SRA III LLC;
FELIX INVESTMENTS, LLC; MICHELE
J. MAZZOLA; ANNE BIVONA; CLEAR
SAILING GROUP IV LLC; CLEAR
SAILING GROUP V LLC,

Relief Defendants.

Case No. 3:16-cv-01386-EMC

**~~PROPOSED~~ FINAL JUDGMENT OF
PERMANENT INJUNCTIONS AND
OTHER EQUITABLE RELIEF AGAINST
DEFENDANT SADDLE RIVER ADVISORS,
LLC**

1 The Securities and Exchange Commission having filed a Complaint and Defendant Saddle
 2 River Advisors, LLC, (“SRA” or “Defendant”) having entered a general appearance; consented to the
 3 Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this
 4 Final Judgment without admitting or denying the allegations of the Complaint (except as to
 5 jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from
 6 this Final Judgment:

7 I.

8 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
 9 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities
 10 Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated
 11 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or
 12 of the mails, or of any facility of any national securities exchange, in connection with the purchase or
 13 sale of any security:

- 14 (a) to employ any device, scheme, or artifice to defraud;
- 15 (b) to make any untrue statement of a material fact or to omit to state a material fact
 16 necessary in order to make the statements made, in the light of the circumstances
 17 under which they were made, not misleading; or
- 18 (c) to engage in any act, practice, or course of business which operates or would
 19 operate as a fraud or deceit upon any person.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 21 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 22 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,
 23 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 24 with Defendant or with anyone described in (a).

25 II.

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
 27 permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the
 28

1 “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or
 2 instruments of transportation or communication in interstate commerce or by use of the mails,
 3 directly or indirectly:

4 (a) to employ any device, scheme, or artifice to defraud;

5 (b) to obtain money or property by means of any untrue statement of a material fact or
 6 any omission of a material fact necessary in order to make the statements made, in light of
 7 the circumstances under which they were made, not misleading; or

8 (c) to engage in any transaction, practice, or course of business which operates or
 9 would operate as a fraud or deceit upon the purchaser.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 11 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 12 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,
 13 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 14 with Defendant or with anyone described in (a).

15 III.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
 17 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e]
 18 by, directly or indirectly, in the absence of any applicable exemption:

19 (a) Unless a registration statement is in effect as to a security, making use of any means or
 20 instruments of transportation or communication in interstate commerce or of the mails
 21 to sell such security through the use or medium of any prospectus or otherwise; or

22 (b) Making use of any means or instruments of transportation or communication in
 23 interstate commerce or of the mails to offer to sell or offer to buy through the use or
 24 medium of any prospectus or otherwise any security, unless a registration statement
 25 has been filed with the Commission as to such security, or while the registration
 26 statement is the subject of a refusal order or stop order or (prior to the effective date of
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1 the registration statement) any public proceeding or examination under Section 8 of
 2 the Securities Act [15 U.S.C. § 77h].

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 4 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 5 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
 6 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 7 with Defendant or with anyone described in (a).

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
 10 restrained and enjoined from, violating Sections 206(1), (2) and (4) of the Investment Advisers Act of
 11 1940, 15 U.S.C. §§ 80b-6(1), (2) & (4), and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8, by,
 12 directly or indirectly, by the use of any means or instrumentality of interstate commerce

13 (a) employing any device, scheme, or artifice to defraud any client or prospective client;

14 (b) engaging in any transaction, practice or course of business which operates as a fraud
 15 or deceit upon any client or prospective client;

16 (c) engaging in any act, practice, or course of business which is fraudulent, deceptive, or
 17 manipulative; or

18 (d) while acting as an investment adviser to a pooled investment vehicle:

19 1. making any untrue statement of a material fact or omitting to state a material
 20 fact necessary to make the statements made, in the light of the circumstances under which they were
 21 made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

22 2. otherwise engaging in any act, practice, or course of business that is fraudulent,
 23 deceptive, or manipulative with respect to any investor or prospective investor in the pooled
 24 investment vehicle.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 26 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 27 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
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1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
2 with Defendant or with anyone described in (a).

3 V.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
5 restrained and enjoined from directly or indirectly violating Section 203(f) of the Advisers Act [15
6 U.S.C. § 80b-3(f)] by, while acting as an investment adviser, permitting any person as to whom an
7 order issued by the Commission suspending or barring that person from being associated with an
8 investment adviser to become, or remain, a person associated with it without the consent of the
9 Commission if Defendant knew, or in the exercise of reasonable care, should have known, of the bar
10 or suspension order.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
12 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
13 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
14 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
15 with Defendant or with anyone described in (a).

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
18 restrained and enjoined from directly or indirectly violating Section 15(a) of the Exchange Act [15
19 U.S.C. § 78o(a)] by, while acting as a broker or dealer, effecting transactions in and inducing and
20 attempting to induce the purchase or sale of securities when they are not registered with the
21 Commission as a broker or dealer or associated with an entity registered with the Commission as a
22 broker or dealer.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
25 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
26 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
27 with Defendant or with anyone described in (a).

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from directly or indirectly soliciting any person or entity to purchase or sell any security or security-based swap.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$44,870,455, representing profits gained as a result of the conduct alleged in the Complaint. This disgorgement obligation shall be joint and several with Defendant SRA Management Associates, LLC, and Relief Defendants SRA I, LLC, SRA II, LLC, SRA III, LLC, Clear Sailing Group IV, LLC, and Clear Sailing Group V, LLC. Defendant shall satisfy this obligation by paying \$44,870,455, within thirty calendar days from the entry of this Final Judgment, by check, United States Postal money order, or electronic payment, to the Receiver, Sherwood Partners, Inc. The Receiver shall hold the disgorgement amounts in a separately identified account, pending further orders by the Court.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law)

1 at any time after thirty days following entry of this Final Judgment. Defendant shall pay post
2 judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

3 IX.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is
5 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall
6 comply with all of the undertakings and agreements set forth therein.

7 X.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain
9 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

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11 IT IS SO ORDERED

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13 Dated: 2/12/2018, 2017

